

**Cardinal Local School District
Work Session Meeting
May 27, 2015**

The **Work Session Meeting** of the Cardinal Board of Education held at 5:00 p.m. on May 27, 2015, was attended by Ken Klima, Wendy Anderson, Nancy Ferguson, Andy Sefcik and Katie Thomas (arrived late).

Discussion Items

Huskie Nation Foundation – Dr. Hunt reported there is a meeting tonight to install the new president of the HNF as Gary Cox is stepping aside. Bill Fisher will be the new president. It is time to kick things in gear and get things moving forward. They have plans to market and sell the current phase of the project. This is a positive move for the good of the foundation. *Mrs. Ferguson asked if the Board Members were allowed to attend the meetings. Dr. Hunt said he thought so.*

Permanent Improvement Levy – Dr. Hunt stated we started a brief conversation about a Permanent Improvement Levy at our last meeting and we have been kicking around ideas based on the needs we have in the District for our building upkeep and maintenance. We need to establish a strategy on how to market this levy. We need to think about a number to attach to the levy. *Ms. Knuckles gave the board a copy of the certificate of estimated resources from the county auditor showing the amount of \$601,739 to be received with two mill Permanent Improvement levy to be put on the November 3, 2015 ballot. This is step one to have this put on the ballot. The discussion tonight is to verify the amount of millage we want to put on the ballot. Do we go with the 2 mills or do we need additional millage. Ms. Knuckles said with the general levy we are able to purchase computers, buses, vans along with the necessary permanent improvements to our buildings and grounds. Mr. Klima said we need to make sure to list out our needs and not our wants. We need to develop a list of what is needed and work from there. Ms. Knuckles stated we do have a list of needs based on the report from Brewer Garrett. There are over \$2.7 million in repairs that covers all buildings. Dr. Hunt said that list includes the roofs, windows, paving for all buildings and not just the high school building roof as we are working on getting financing right now for that project this summer. We have been able to lease buses with three new ones this year and two more coming this summer. Our buses are older and we have three buses that may not meet inspection, so the need is there. We use vans for our special needs students and they have very high mileage on them. We will need to replace a few of them very soon. We need to continue to beef up our technology so we can offer our kids the 21st century education they deserve. Ms. Knuckles explained that basically we have to look at our needs list and see where we need to go with the millage. We had roughly \$2.7 million on that needs list; divided by a five year period would mean we need at least enough money to cover the annual payments for financing. We would be able to finance these projects ourselves instead of through outside sources which is where we have a current problem. We just had a review at Moody's who continues to downgrade us as they expect a much higher cash balance than we can possibly achieve. They expect the equivalent of six months of bills to be sitting in the bank to achieve a high bond rating. In reality we cannot do that, school finance does not work that way. We do not have \$6 million to sit in the bank to get an AA rating. This is affecting our ability to go out and get financing. If we pass this levy we can designate say \$300,000 a year to pay for financing and then we can get some of these projects done at one time instead of over a three or four year period. Mrs. Ferguson asked what we have currently in our permanent improvement levy. Ms. Knuckles did not have an exact amount available but would check for her later, but estimated about \$100,000. Mrs. Ferguson wanted to know what money would be coming in at the beginning of next year. Ms. Knuckles stated the only money that comes into that account is the 1 mill of inside millage and the related homestead and rollback dollars for about \$320,000 a year. Mrs. Ferguson said so we have \$300,000 to work with right now but we are going to move it back into the general fund. Ms. Knuckles agreed, the inside millage would be returned to the general fund and it would be replaced with 2 mills or \$600,000 with the levy proceeds. Mr. Sefcik wanted to know what the strategy was with the money. He thought maybe we should get enough millage to pay off the project contracts in a five year period. If we drag this out over ten or fifteen years we risk not having the \$300,000 available to us in five years if the people decide not to renew the levy. Dr. Hunt stated that is what this discussion is all about. We can bring you suggestions but you need to make that decision. Is it*

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2 mills, 3 mills or what? He does not feel we should go above that because we may not get the public support for it. We are asking them to help us repair the roofs and other items needed to keep our buildings operational. Ms. Knuckles said we would receive \$600,000 for the year and as a talking point we would designate say \$300,000 a year towards financing payments. If we are repairing the roofs, windows, etc. at one time that money previously spent a little at a time would now be available for other needs. Mrs. Anderson thought if you do the math, 2 mills would cut it. We would receive \$600,000 and over five years that is \$3,000,000 and should cover it. Mr. Klima said the original Brewer Garrett was at \$2.7 million but then things got shaved off to reduce the costs to the items most needed. Dr. Hunt said yes, we are down to roofs and windows and the cost is about \$1.5 million. Mrs. Ferguson asked how we arrived at the 2 mill figure instead of 3 or 5 mills. Ms. Knuckles replied that when Dr. Hunt and she were talking we thought it was a good figure to go with. We previously requested about a 4.5 mill operating levy and we could not get it to pass. If we had the 4.5 mill levy pass we would have purchased our computers, vans, and buses out of the general fund operating money. With either levy – the 4.5 mill or the 2 mill PI - it is basically like moving money from one pocket to another. We would be buying the same things just out of a different account. New money is difficult to pass in this District. A permanent improvement levy seems easier to pass for other districts and we felt the 2 mills was a more salable figure to take to the public. Dr. Hunt agreed. He wants us to be very cautious. When he first got here he was asked when he was putting on a levy and he didn't even have time to look at the budget yet. You have to come in, see what is going on and then make changes for the benefit of the District. We are looking at this all the time, Ms. Knuckles gets the whole shuffling of the deck chairs and the needs based budgeting. We were supposed to asking for operating money last year, but because of reviewing items, taking advantage of retirements, eliminate areas where the need was not longer there, we have been able to save us enough money to keep us in the black a few more years. The sky is not falling, but since the state will not fix the financing formula, we are doing everything we can to stay afloat and meet the needs of the District. We are this far above the water, but the banks and the other financing institutions will not look at us because we do not have enough of a cash flow for them. It is about cash flow for us. With the 2 or 3 mill levy it will free up some cash in the general fund for a buffer in our forecast for future needs. We should ask for something that the people are willing to help us with and then on the back end we have to have some strategies in place to sell this idea. The superintendent's advisory council is willing to help be a part of the levy committee. Mr. Sefcik said as you said the District is this far above the water and our community is as well and he does not think we should get greedy and go for only what we need. Dr. Hunt said you are right, we will continue to monitor what we are spending keep trying to push out the need for new money. This piece could push us out another 3-5 years before we need to ask for new money. Mrs. Ferguson said her point was to see what we were comfortable with since people were asking why two mills and she hasn't had a good answer. Ms. Knuckles stated the reason for not going with a one mill levy is that amount would not cover any ability to finance our needed repairs to keep our buildings operational. Mr. Klima is concerned about the selling point. If we put it up to 3 that is \$900,000 which is nearly a million dollars and people are going to question what we are going to do with that much money. He thinks they will understand 2 mills at \$600,000, it is not a lot to ask for. Ms. Knuckles added it is not for salaries, benefits, or programming, it is strictly for much needed repairs and technology/vehicle purchases. It will enable us to maintain our buildings to provide a safe environment for education to our students and enable us to finance those repairs to get them done in a timely manner. Mr. Sefcik agreed that maintaining the assets of the community is important. Mrs. Ferguson questioned that the 1 mill put back into the general fund is available to use for salaries and other items. Ms. Knuckles stated it would be used for the budget but not necessarily for salaries since we have to see what the needs of the District are. And with ever increasing special education costs they take up over \$2 million of our budget each year. We have said that we want \$150,000 buffer in our budget, so if we put that \$150,000 back into the general fund we should be able to carry that amount all the way through the year and have \$150,000 as an ending cash balance. Mrs. Ferguson was appreciative of the explanation as people have been asking for the rationale for this levy. Ms. Knuckles replied people are always concerned when we put a levy on since they feel as soon as it passes it goes straight for teacher raises and while salaries are the largest part of our budget it is not the only part we have to be concerned with. It is

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important that they know this levy is strictly a permanent improvement levy and not an operating levy. Dr. Hunt stated about 70% of the budget goes to salaries and benefits and the rest we have to run a school on. Have we reached a consensus that 2 mills is the number? The Board agreed to 2 mills for the levy, no vote was taken they just agreed to the figure. Ms. Knuckles will send this information to the bond council along with the certification from the County Auditor, it will also be known that the 1 mill of inside will be returned to the general fund when the levy passes. They will provide the appropriate resolution for the Board to approve at the June meeting to take this levy to the voters on the November ballot. She will have to submit the approved resolution the board of elections by the August deadline. We could pass it in July, but Ms. Knuckles feels it would be better to pass it in June and then work on educating the community to why this is needed. When this levy passes in November, we will include it on our Tax Budget that is prepared in December and submitted to the county auditor after it is approved at the January organizational meeting. The county auditor will then approve the tax budget in February for fiscal year 2017 and we would see the first payment of this levy in July/August of 2016.

Dr. Hunt believes a sub-committee with a couple of Board Members, the superintendent's advisory committee members and a few others should get together to get ideas together for promoting the District and the levy. We will need to do some traditional things and some non-traditional things. Need to have informal meetings with coffee and baked goods in one location or in someone's home. Mr. Sefcik suggested an open house for the community to see the condition of the buildings. Dr. Hunt said we need to go and talk to the people. We had hoped to get a much larger crowd to the State of the Schools address than we did. It is critical to have the community to support this. Mrs. Ferguson likes the informal meetings to reach out to the community. Dr. Hunt agrees and suggested that this should be informal as it is a critical levy and people need to be informed. Mrs. Anderson feels that facebook and social media has played a critical part in informing the public of what is out there. We should use all the resources that we can. Dr. Hunt agreed and said that Kristie has done an outstanding job as well. Mrs. Anderson and Mrs. Thomas suggested that we should be available for giving information prior to school events to reach parents who are not so apt to go to a meeting during the week. Dr. Hunt stated that June 20th is Community Days and asked if we should have a float in the parade. If not be in the parade, we should have a location set up and be visible to the community. Dr. Hunt asked Mrs. Thomas if she would be interested in setting this up. Mrs. Thomas said she would with everyone's support.

Roof Repairs Update – Dr. Hunt reported we are currently waiting on the financing and contract parts to come together. *Ms. Knuckles stated the finance guy is working to get a hold of the project guys and finalize the numbers and financing.*

Summer Updates – Dr. Hunt shared the last day for students is on Friday, May 29 and the last teacher day is on June 1st. *Mrs. Thomas asked if anything was being done for the retirees. Dr. Hunt said yes, at the June 1st gathering we will be recognizing those who are retiring. We have checked with STRS and it is ok for them to attend this day. There was some concern about being in the building after their retirement date of May 29th. We will recognize retirees, teacher of the year, employee of the year and leader of the year.*

Distance Learning Room – Dr. Hunt told the Board that they are starting to prep for the remodeling the library into the distance learning room. Through the Straight A grant we are getting iPads for the high school and the distance learning room. We have to have a sustainability plan and believe we can do that through our one-to-one purchase program, where a student has the option to purchase the iPad for their use throughout their high school career. The money received will be set aside to purchase additional iPads for the next students coming in. *Mrs. Thomas asked what happens if they lose it or break it. Ms. Knuckles said it will be the same policy we have now, the students would be responsible. Dr. Hunt added that Jaymee is managing all technology pieces within the District and with the new VOIP phone system we should be saving money.*

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District Website – Dr. Hunt met with the group for the website and he has a static printout of what the layout will be. They are building pages at this time. There will be a ticker across the top with announcements and a picture gallery for each building. They are working on the sub pages. The staff directory will have a picture of the teacher and when you click on the picture it will go directly to their class page. This will ready in August.

Elementary Yearbooks – Dr. Hunt wanted to share the yearbooks prepared this year by Interstate who came in this spring and did a great job on short notice to pull this together for the elementary buildings.

Student Emails – Mrs. Anderson was curious to know if there was a way to link the parents to the kids' accounts so they get the same information as the students. The students do not always pass the information on to the parents. *Dr. Hunt did not know but it would be more of a tech question.*

Graduation – Mrs. Anderson said that Jeremy and Jill did a great job of putting together the senior dinner after graduation practice and then the changes in the graduation ceremony were good as well.

KSU High School Consolidation – Mrs. Ferguson sent an email to everyone about the consolidation and the consideration of pulling out at this time since we are moving in a good direction here. She sees merit in both options. She thinks we need to choose to move forward in one direction. We need to show the community we are committed to our District. *Dr. Hunt sees the merit as well but there is a timeline to vote and feels that if this Board says not now that there is a Phase 2 roll out however, no one knows what that is.* Mrs. Anderson said that she was never against a consolidation idea but due to all of the legislation timelines and unknowns she could not support it at this time. *Mrs. Ferguson said she believes in the consolidation but that right now it is not for Cardinal but there is always the option of open enrollment at a later date.* Dr. Hunt suggested that before the Board goes to a vote that the Board designate a public meeting to share their thinking, not a debate, but allow the community to give their voice before the August vote. *Mrs. Ferguson said that she talked to a lot of people and that there was a lot of support however as other Board members talked to the public there was a lot of non-support. Realistically we are at a point of where we need to decide which direction to go. Do we contact KSU to come and talk to us again?* Mrs. Thomas feels that the facts are the facts and that this is what we have been told to this point. Again, looking at finances and at our community she thinks that this permanent improvement levy should be attractive to them if they know that we are committed to stay put where we are and to stay the course. With the Huskie Nation Foundation getting a new President, which is a good thing and with what we are doing there is no reason why Cardinal can't be the shining star of eastern Geauga County. If we can market it and keep on track, people will want to come here. We need to show the value to the people that this school is making our community better. *Mr. Klima knows that in the last few months we have been faced with the Ledgemont issue, the Huskie Nation Foundation vs the Middlefield Village issue and the KSU High School Consolidation but he knows that the Cardinal Community will come out ahead and survive. Dr. Hunt has a great program in place that is coming together and that the community is saying what great things we are doing.*

Adjournment:

Mr. Sefcik moved and Mrs. Ferguson seconded a motion to adjourn the meeting.

Meeting adjourned at 6:07 P.M.

Roll call vote: unanimous yes.